

Message Text

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ACTION STR-04

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SUBJECT: TOUR D'HORIZON WITH LUYTEN

1. SUMMARY: THE AUGUST HOLIDAYS DO NOT SEEM TO HAVE IMPROVED LUYTEN'S TEMPERAMENT OR OUTLOOK REGARDING THE MTN. DURING THE LUNCHEON TOUR D'HORIZON TODAY, I FOUND HIM GLOOMY AND TRUCULENT PARTICULARLY CONCERNING AGRICULTURE. TO THE EXTENT THIS ATTITUDE MANIFESTS ITSELF IN BRUSSELS, IT FORECASTS A CHILLY FALL NEGOTIATING CLIMATE WITH LITTLE LIKELIHOOD FOR PROGRESS. END SUMMARY.

2. LUYTEN IS CONVINCED (AND SAYS MOST EC OFFICIALS SHARE HIS VIEW) THAT THE US HAS CONSCIOUSLY MOUNTED A STEPPED-UP ASSAULT ON THE COMMON AGRICULTURAL POLICY AND HAS INTENTIONALLY IGNORED THE JANUARY BRUSSELS AGREEMENT TO "COOL IT" ON AGRICULTURAL ISSUES. THE EXTENT OF EC PARANOIA OVER AGRICULTURE IS REVEALED IN REMARKS LUYTEN MADE SUGGESTING THAT THE REAL MOTIVATION FOR

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THE YEUTTER TRIP TO LATIN AMERICA AND THE UPCOMING

DENT TRIP IS TO LINE UP THE REST OF THE WORLD AGAINST THE EC ON AGRICULTURE AMONG OTHER THINGS. HE WAS BITTERLY CRITICAL OF AMBASSADOR YEUTTER'S PUBLIC UTTERANCES ON AGRICULTURE, SAYING "CLAYTON IS PLAYING WITH FIRE." HE CRITICIZED US ACTIONS IN BRINGING AGRICULTURAL COMPLAINTS BEFORE THE GATT (I.E., THE MIPS AND NFDM COMPLAINTS) AND HE OBJECTED TO US CRITICISMS OF THE PROPOSED TAX ON VEGETABLE OIL PROTEINS SUGGESTED BY LARDINOIS IN CONNECTION WITH THE DAIRY INDUSTRY RESTRUCTURING EFFORT. LUYTEN REFERRED TO THE LARDINOIS CALIFORNIA SPEECH AS AN EMOTIONAL RESPONSE TO THE AGGRESSIVE US ATTITUDE ON AGRICULTURE AND THEN PROCEEDED HIMSELF TO EMPHASIZE THE DISPARITY BETWEEN GROWING EC IMPORTS OF US AGRICULTURAL PRODUCTS AND SHRINKING EC AGRICULTURAL EXPORTS TO THE US. HE SAID THE SITUATION WAS BECOMING INTOLERABLE AND POSED SERIOUS DANGERS FOR US/EC TRADE RELATIONS. IN THE FACE OF ALL THESE EC GRIEVANCES, HE SAID IT WAS INCONCEIVABLE THAT THE EC COULD FAVORABLY CONSIDER MAJOR AGRICULTURAL CONCESSIONS TO THE US. IF SOAMES OR GUNDELACH, FOR EXAMPLE, WERE TO MAKE SUCH A REQUEST OF DG VI, LARDINOIS OR HIS SUCCESSOR, WHOEVER THAT MIGHT BE, WOULD PROMPTLY "SHOW THEM THE DOOR," ACCORDING TO LUYTEN.

3. ON THE STANDARDS CODE, LUYTEN SAID THE EC WOULD REFUSE ANY US PROPOSAL FOR BILATERAL MEETINGS TO CONSIDER THE AGRICULTURAL ASPECTS OF THE CODE BECAUSE OF THE US REFUSAL TO SUPPORT A GROUP AGRICULTURE MEETING IN JULY. HE MADE IT PLAIN THAT THE EC WAS HOLDING HOSTAGE ANY FURTHER DISCUSSION ON THIS SUBJECT UNTIL A GROUP AGRICULTURE MEETING WAS HELD WHICH COULD TAKE UP THE MATTER.

4. ON THE SUBJECT OF MEAT, LUYTEN CLARIFIED SLIGHTLY THE EC PROPOSAL, SAYING THAT IT OBJECTED TO THE GATT MEAT CONSULTATIVE GROUP BECAUSE IT WAS VOLUNTARY AND NOT SUFFICIENTLY COMPREHENSIVE, PARTICULARLY REGARDING DISCLOSURE OF THE POLICIES OF EXPORTING NATIONS. HE SAID THE INTERNATIONAL MEAT FRAMEWORK GROUP WHICH EC PROPOSED AT THE LAST SUB-GROUP MEETING LIMITED OFFICIAL USE

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WOULD BE COMPREHENSIVE AND BINDING AND THAT, FOR ITS PART, THE EC WAS PREPARED TO UNDERTAKE DISCIPLINES PROVIDING THE EXPORTERS WOULD LIKEWISE. I INQUIRED WHAT THOSE WERE, NOTING THAT AMONG THE OBJECTIONS THE US AND OTHER EXPORTERS HAD TO THE PROPOSAL AS MADE WAS THAT IT ENVISIONED EXPORTERS COMMITTING THEMSELVES TO JOINT DISCIPLINE WITH NO UNDERTAKING BY IMPORTERS. LUYTEN DECLINED TO SPECIFY WHAT DISCIPLINES THE EC

WOULD CONSIDER BUT SAID, IN ESSENCE, "ASK US WHAT THEY ARE. IF YOU ARE WILLING TO DISCUSS THE DISCIPLINES WE SEEK OF YOU, WE WILL DISCUSS DISCIPLINES WE MIGHT UNDERTAKE."

5. IN THE ONLY BRIGHT NOTE OF THE DISCUSSION, LUYTEN AND I REACHED AGREEMENT ON A REPORTING PROCEDURE FOR CONSULTATIONS ON "OTHER" AGRICULTURAL PRODUCTS WHICH PRECISELY PARALLELS THE REPORTING PROCEDURES EMPLOYED IN THE QR SUB-GROUP. IN DISCUSSING THIS SUBJECT, HOWEVER, LUYTEN WAS BITTERLY CRITICAL OF US DELAY IN FILING NOTIFICATIONS. HE SAID US HAD NO RIGHT TO UNILATERALLY DECLARE AGREEMENT ON REPORTING PROCEDURES AS A PREREQUISITE TO FILING THE NOTIFICATIONS AND, IN ADDITION, THAT THE SEVEN-MONTH DELAY REFLECTED ADVERSELY ON THE WILLINGNESS OF THE US TO FULFILL, IN GOOD FAITH, AGREEMENTS WHICH IT ENTERED INTO.

6. ON THE SUBJECT OF TARIFFS, HE SAID HE WAS UNABLE AT THIS POINT TO SAY HOW BILATERAL DISCUSSIONS BETWEEN THE US AND THE EC SHOULD PROCEED. HE THEN REITERATED THE STANDARD EC LINE THAT THE US MUST REDUCE ITS HIGH TARIFFS SUBSTANTIALLY WHILE LEAVING THE EC TARIFFS ESSENTIALLY IN PLACE SO AS TO EQUALIZE THE BARGAINING POSTURE FOR THE NEXT ROUND.

7. LUYTEN NOTED THE US INITIATIVE FOR A MINISTERIAL LEVEL TNC EFFORT IN EARLY 1977 AND THE WILLINGNESS OF THE COMMISSIONERS TO AGREE "FOR THEIR OWN POLITICAL REASONS." BUT HE PLEADED THAT THIS EFFORT NOT BECOME SO TIME-CONSUMING AS TO DEIVERT THE ENERGIES OF EC/MTN OFFICIALS FROM THE MTN ITSELF IN ORDER TO MAKE ELABORATE PREPARATIONS FOR THE MINISTERIAL MEETING.
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8. LUYTEN ALSO REPORTED THAT HIJZEN IS ILL AND MAY BE OUT OF COMMISSION FOR AN EXTENDED PERIOD OF TIME. APPARENTLY HE WAS ORDERED TO TAKE A COMPLETE REST BY HIS DOCTOR IN AUGUST BECAUSE OF RECURRING ULCER-RELATED STOMACH AILMENTS. BUT LUYTEN REPORTS THAT HE HAS NOT RETURNED TO WORK AND MAY FACE AN OPERATION WHICH COULD REQUIRE A LEAVE OF AS MUCH AS TWO MONTHS. HE ALSO SAID THAT GALLAGHER HAD BEEN CHARGED WITH RESPONSIBILITY FOR THE FISHERIES NEGOTIATIONS, WHICH WILL BE THE MOST DIFFICULT AND TIME-CONSUMING SUBJECT ON THE EC AGENDA THIS FALL. THE LIKELIHOOD, THEREFORE, IS THAT VERY LITTLE ATTENTION WILL BE PAID IN BRUSSELS THIS FALL TO THE MTN.

9. COMMENT: AS US OFFICIALS KNOW, LUYTEN IS HIGH-STRUNG AND MOODY. THE SOMBER PICTURE WHICH HE PAINTED IN HIS CONVERSATION MAY THEREFORE BE AN EXAGGERATION. NEVERTHELESS, IF THE INFORMATION IN THE LAST PARAGRAPH IS CORRECT AND NO ONE IN DG I IS GOING TO PAY MUCH ATTENTION TO THE MTN, IT SEEMS LIKELY THAT THIS ATTITUDE OF FATIGUED FRUSTRATION MAY CHARACTERIZE EC ATTITUDES DURING THE AUTUMN NEGOTIATIONS. WALKER

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